

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SANTA BARBARA FINDING A FISCAL HARDSHIP WILL
EXIST IF ADDITIONAL LOCAL PROPERTY TAX FUNDS
ARE SEIZED AND ADDITIONAL UNFUNDED MANDATES
ARE ADOPTED BY THE STATE OF CALIFORNIA

WHEREAS, the current economic crisis has placed cities under incredible financial pressure and caused city officials to reopen already adopted budgets to make painful cuts, including layoffs and furloughs of city workers, decreasing maintenance and operations of public facilities, and reductions in direct services to keep spending in line with declining revenues;

WHEREAS, since the early 1990s the state government of California has taken over \$8.6 billion of city property tax revenues statewide to fund the state budget even after deducting public safety program payments to cities by the state;

WHEREAS, in Fiscal Year 2008 alone the state took \$895 million in city property taxes statewide to fund the state budget after deducting public safety program payments and an additional \$350 million in local redevelopment funds were seized in Fiscal Year 2009;

WHEREAS, the most significant impact of taking local property taxes has been to reduce the quality of public safety services cities can provide since public safety comprises the largest part of any city's general fund budget;

WHEREAS, in 2004 California voters, by an 84% vote margin, adopted substantial constitutional protections for local revenues, but the legislature can still borrow local property taxes to fund the state budget;

WHEREAS, on May 5 the Department of Finance announced it had proposed to the Governor that the state borrow over \$2 billion in local property taxes from cities, counties and special districts to balance the state budget, causing deeper cuts in local public safety and other vital services;

WHEREAS, in the past the Governor has called such borrowing proposals fiscally irresponsible because the state will find it virtually impossible to repay and it would only deepen the state's structural deficit, preventing the state from balancing its budget;

WHEREAS, the Legislature is currently considering hundreds bills, many of which would impose new costs on local governments that can neither be afforded nor sustained in this economic climate;

WHEREAS, state agencies are imposing, or considering, many regulations imposing unfunded mandates on local governments without regard to how local agencies will be able comply with these mandates while meeting their other responsibilities;

WHEREAS, the combined effects of the seizure of the City's property taxes, increasing unfunded state mandates, and the revenue losses due to the economic downturn have placed the city's budget under serious fiscal pressure;

WHEREAS, the loss of any more property tax funds or any more state mandates will only deepen the financial challenge facing our city; and

WHEREAS, a number of the City's financial commitments arise from contracts, including long term capital leases and debt obligations which support securities in the public capital markets, that the City must honor in full.

NOW, THEREFORE, BE IT RESOLVED THAT THE COUNCIL OF THE CITY OF SANTA BARBARA has determined that the City will experience a fiscal hardship if the recommendation of the Department of Finance to borrow \$2 billion of local property taxes is supported by the Governor and the Legislature; and

RESOLVED FURTHER, that the City Council strongly and unconditionally opposes the May 5 proposal of the Department of Finance and any other state government proposals to borrow or seize any additional local funds, including the property tax, redevelopment tax increment, and the city's share of the Prop. 42 transportation sales tax; and

RESOLVED FURTHER, that the City Council strongly urges the state legislature and Governor to suspend the enactment of any new mandates on local governments until such time as the economy has recovered and urges the state to provide complete funding for all existing and any new mandates; and

RESOLVED FURTHER, that the City Clerk shall send copies of this resolution to the Governor, our state senator(s), our state assembly member(s) and the League of California Cities.